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there will be a time when people will refuse to pay their taxes because of the hardships caused by the forest policy of the Government. When I toured round these villages with a District Forest Officer the villagers came to us and spoke thus: 'If you do not remedy our grievances we are not going to pay the tax. What are these forests for? They are simply absorbing the moisture and nothing else; only destruction is going on here by wild animals and nothing else; so if you do not remedy our grievances we will not pay taxes; and we are prepared to face the contingency.' This threat was expressed in the presence of the District Forest Officer again and again. I am sure the hon. the Law Member who has visited almost all the forests will realize what would be the terrible consequence of continuing the present forest policy. These District Forest Officers generally have no heart for villagers. I am sorry also to observe that the Revenue Department is siding with the Forest Department. I hope the Agricultural Department would come to our rescue. I would not place the administration of useless forests with the village panchayats under the Revenue Department. If the administration is transferred to the Revenue Department it will be nothing short of a transfer from King Log to King Stork. So for the benefit of humanity this resolution should be carried and the forest policy of the Government reformed in human interests."

The hon. the DEPUTY PRESIDENT:—"There is some amendment to this motion. It is already lunch time. The amendment was just handed to me and I will read it. It is left to the House to allow it or not. The amendment runs thus:—

"Between the words 'province' and 'in regard to' in line 4 of the resolution insert the words 'including proprietary forests into which the Madras Forest Act is extended.'"

The hon. Diwan Bahadur M. KRISHNAN NAYAR:—"I had no notice of this amendment. Forests in the proprietary areas are on a different footing from those directly under the Government."

The hon. the DEPUTY PRESIDENT:—"The amendment is not in order." The Council then adjourned for lunch.

After lunch (2-30 p.m.)

XVI

ADJOURNMENT MOTION *RE* THE CARNATIC PAPER MILLS, LIMITED, RAJAHMUNDRY.

* Mr. K. V. R. SWAMI:—"Mr. President, Sir, I move for the adjournment of the business of the Council for the purpose of discussing a definite matter of urgent public importance, namely,

'the question of recent negotiations and the interest that the Government have taken in the Carnatic Paper Mills, Limited, Rajahmundry.'

"Sir, this question has come before this House more than once. But unfortunately matters have not advanced a bit. At the time of the budget debate I brought forward this matter before this House and I levelled two or three charges against the Government for which the hon. Mr. Moir was very cross with me and challenged me to repeat those accusations outside this

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House. Fortunately for me the accusations I brought against the Government have turned out to be true in the meanwhile. I stated at that time that it was the desire of this Government to sell away that paper mill to an European firm and during the recess of the Council we read in the papers that negotiations were going on through an Indian gentleman. But really an European firm was interested in the matter. In the end the Carnatic Paper Mill is going to benefit an European firm. If my hon. Friend, the Finance Member, proves that the statement made by me is incorrect or wrong nobody will be more glad than myself. The real intention of this motion is to induce the Government to help this industry, to help it to any extent and to show to the people that industries like this will be helped by the Government. It will, in the end, prove profitable to this country. I shall be glad to hear that from the hon. Mr. Moir. I make these statements not for the purpose of bringing accusations against the Government.

"This company was formed in the year 1920 with the object of starting an indigenous industry with a capital of about 20 lakhs of rupees. Only a sum of Rs. 15 lakhs was collected from the people especially Andhra gentlemen who were enthusiastic in supporting this industry. They actually paid Rs. 15 lakhs. Unfortunately that money was not sufficient at that time to complete the machinery and to put the mill in working order. Naturally they thought of nobody else but the Government to help them under the State Aid to Industries Act. They asked for a loan of Rs. 6 lakhs with which they wanted to start the business. At that time they had a debt of Rs. 4 lakhs. If the whole of that amount had been lent to them in the year 1924 when the application was made for the loan and if they were allowed to manage the industry, they would have paid more urgent and pressing debts at that time and would have started the business. The business would have prospered very well by this time. Unfortunately the Government granted only a loan of Rs. 4 lakhs and stated that the whole of that amount should be paid to the creditors of the mill. They did so in anticipation of getting the remaining two lakhs of rupees in a very short time so that they might start the business. The application has been pending with the Government from the year 1925 up to this date and the loan has not been granted. More than once questions were asked in this House whether that loan would be granted and the reply that was given was that the matter was under consideration. The matter has been under consideration for the last three years and the interest itself has gone to the extent of a very large sum. In the end they thought of taking possession of the mill. Negotiations are going on now and some say that they have been completed. The hon. the Minister for Development assured us that the negotiations for sale are not yet completed and are under consideration still. That is a very fortunate state of things. If the Government really want to help this company, we request the Government to fulfil their promise made in the beginning, to advance some more money and to put the mills in working order. If the Government buy some shares they are not likely to lose the money. It is stated now that Government themselves cannot manage the business if they take it up now. I do not know whether the Government would make such a confession in this case. It is stated that this Government can manage industries very efficiently. There is nothing on earth they cannot manage. All that is required to put this paper mill in working order is money. This Council will not in any way stand in the way of the Government helping this industry and putting it on a business footing; they can

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then hand it over to the people ; or they may induce the shareholders to pay more money and to clear the debt. They say now that they are not going to pay more money to this concern. At one time they said that this business was a paying one ; they have already paid seven lakhs of rupees. If the Government say that they cannot pay any more money it would be a very unsympathetic attitude and the only inference that can be drawn from that is they do not want to help this industry. If they paid the sum of seven lakhs of rupees knowing that the industry was not going to pay, it is an admission on the part of the Government that they did not care for public funds. I do not think the Government would make any such confession.

“ There is another point. Before this money was lent they actually sent a paper expert to this mill ; Mr. Thomes, who was then Director of Industries, went up there. Mr. Rait, the paper expert of the Government of India, sent up a report. He studied every point. Regarding the site he said that its selection was satisfactory ; ‘ raw material, bamboo, can be brought to it by water transport ; water-supply for manufacturing purposes is good and plenty ’. After examining the buildings he said that they were well designed and solidly constructed. Speaking of the machinery, he said it was all good, of modern design and quite up to date. The statement was made by the paper expert of the Government of India. He gave an estimate of the profits. After studying the plants and machinery he said that the net profits might be estimated at 9·6 per cent per annum. They are likely to increase very much after some years, after some experience is gained and as the machinery improves. If any other expert was consulted upon the matter subsequently his opinion might be placed before this House.

“ There is another point. The paper expert, Mr. Rait, contributed articles to newspapers stating that there was likely to be paper famine in the whole world after some years. He said that, unless the manufacture of paper from bamboo was encouraged, it would be very difficult to meet that situation. This paper industry requires a helping hand because the Tariff Board have fixed a tariff duty on paper coming from outside. The Tariff Board went into the question of the Carnatic Paper Mill also. They fully investigated the matter and they stated in their report : ‘ The Carnatic Paper Mills, Limited, the only limited company in India, is trying to manufacture paper from bamboo and as the future of the paper industry in this country depends mainly upon the utilization of bamboo as the primary raw material, the paper mill should be granted a special subsidy to the extent of Rs. 10 lakhs. ’ That is what the Tariff Board says. Since matters have come to this plight on account of the expectation held out to the shareholders that the Government was going to give them two lakhs more to enable them to run the concern, all that we ask the Government is to be pleased to give a further loan, to manage the whole thing and to put the mill on a working footing. Then the shareholders may be induced to pay more money. They will be encouraged to buy more shares. Then the debt due to the Government will be wiped out and the shareholders will reap some benefit. Instead of that, if this concern is sold to whomsoever it may be, the shareholders will lose all the money they have put into this concern which is about 15 lakhs of rupees. The Government also are likely to lose much money. Because it is said in the papers—and my hon. Friend will correct me if I am not right—that the whole concern is going to be sold for about four lakhs. That means that the Government would lose

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about two or three lakhs including interest. That this bargain is a suspicious bargain could be inferred from what I have stated. Even in the case of concerns worth a few thousands, big advertisements are made to attract people, as for instance, in the case of the Ink Factory which was worth only a few thousand rupees. In this case the concern is worth about Rs. 20 lakhs; and yet we do not see any advertisement regarding its sale, or any demand made on the shareholders to pay up the money within a certain time-limit and informing them that if they do not pay it within that period, the concern would be sold or that the mortgage obtained by the Government would be transferred to some other person or firm. These things ought to have been done; but they have not been done. Some person, an Indian purely in name, hailing from some place and having connexions with some European firm abroad, is entering into the transaction, it is said, and negotiations have been closed or are about to be closed. It seems that one gentleman appeared at the mill premises one day at Rajahmundry and took an inventory of the articles and he was making statements, that the whole concern was purchased by a firm of which he was the agent and that the shareholders would not get anything. So, there is every reason to think that negotiations are going on, if they have not been closed, to sell the whole concern or at least to transfer the right that the Government have acquired, to some European firm. So it is stated in the papers. It is also said that the experts are on their way to India to take up the job and work the mill. I that calamity happens, the shareholders will lose about Rs. 15 lakhs and the Government also will lose a portion of their money. The wishes of the Council that some more money should be lent to the concern in order to encourage an industry like this should have been inferred by the hon. the Finance Member. Mr. President, I request the hon Members of this House through you to help the poor shareholders in this matter and to save an indigenous industry from complete ruin."

* Mr. C. RAMASOMAYAJULU :—"Sir, the idea with which this adjournment motion has been tabled for this day is, as the hon. Member for East Godavari has stated, not so much with a view to bring home to the Treasury Bench that all our fears have been realized in this matter, but it is really with a sincere and genuine desire to see that the industrial life of the Andhra country, so far at any rate as the inhabitants of the Kistna, Guntur, Godavari and Vizagapatam districts are concerned, is not brought to a state of desperate helplessness. In the year 1920, there was a call for subscribing for this concern and I may say that people ran with great enthusiasm and subscribed to the extent of about Rs. 15 lakhs. Subsequently, buildings were constructed, lands were bought at a very great cost and a huge establishment was entertained, but at a particular stage it was not found possible to get on with the enterprise. A loan was applied for but it was not given at the opportune moment. The debts of the concern increased and then a loan was granted by the Government; even that was ordered to be spent towards the discharge of the previous debts. Another loan has been awaiting its fate all these three years and the loan has not been sanctioned up to now. Fears are entertained by the people—I think the fears ought to a certain extent be correct—to the effect that the Government were going to transfer their mortgage rights. Mr. President, so far as the State is concerned, the mortgage rights of the State are much wider in their implications than those of the ordinary

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mortgagee, because as you are aware, Mr. President, the State has got the right of foreclosure, and there are also other advantages which the State has got, which the ordinary mortgagee has not. And if the State is really going to transfer its mortgage rights as it is feared, what is going to be the fate of the poor shareholders, I ask? The House should consider this aspect of it. Nearly 5,000 of the shareholders will be left in the lurch. This will have a rather deleterious effect on the whole country. An indigenous industry has been started and a number of people have sunk their money in it, and at a time when it is in a precarious condition, the State does not come to its aid; but on the other hand, it cares more for its own money and wants to make as much money out of the transaction as possible, leaving the shareholders to their own fate. There is absolutely no use of making high pretensions. At the same time, Sir, I am not unaware that the Government have not omitted to lay down a policy to the effect that the State is not prepared to take up any commercial enterprise. But I may say that if the State now takes up this enterprise as an experimental measure—it is not a commercial enterprise—it will not be going in competition with rival private firms. What we are anxious is to see that at this juncture, the State takes up the concern and runs it putting some more outlay on it. If once the people in the country see that paper is actually manufactured in the mill, the balance of amount now found to be necessary will be forthcoming from the people without much trouble. I can assure the Members of the Treasury Bench that if they take up the concern in their own hands, it can be worked successfully. Let them say that paper is being manufactured in the mill and let them show some production at least; that is sufficient to inspire the people to come forward and to infuse some confidence in them. Let the Government justify their pretensions that they are for the industrial advancement of the people, by taking up this industry. If only they take up the enterprise, put some more capital into it and show that it is capable of being worked successfully, money will be forthcoming from the shareholders and then the enterprise will take care of itself. So far as the State Aid to Industries Act is concerned, I submit there is nothing in it justifying the present policy of the Government not to take up any enterprise. I have more than once read statements on behalf of Government to the effect that they are not inclined to take up big enterprises; but there is absolutely nothing in the State Aid to Industries Act prohibiting them from doing so. If really that Act has got behind it any idea of the State coming to the help of indigenous industries, I submit that this is the only proper occasion for the Government to do so and to justify their attitude towards indigenous industries."

* Mr. P. C. VENKATAPATI RAJU :—"Mr. President, Sir, I have great pleasure in supporting the motion moved by my Friend Mr. K. V. R. Swami. A charge used to be levelled against the Government very often that as they are a foreign Government, not interested in the people of the country, they were somehow or other managing to kill the indigenous industries of the country. Of course it is being said by them that it is not really the case. But this incident described by Mr. Swami clearly proves the charge; we find here the same step-motherly affection shown to this industry. If the Government had not come forward with the statement that they would help the industry, the shareholders themselves who wanted to manufacture paper to replace the great quantity of foreign paper that was being imported into this country, would

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have seen that the people themselves came forward with the necessary funds. The Government however stepped in and gave an inadequate amount, and even with that inadequate amount they did not allow the shareholders to begin work. Their hands were tied, and the Government ordered that the previous debts should be cleared first, they themselves acquiring the right to foreclose. Every man in the country could not be expected to know the real intentions of the Government, and so everybody thought that the concern would not be stopped after the Government had granted the loan. But if we analyse the facts given by Mr. Swami, we find that instead of giving the loan at the proper time, the Government gave it very late and they gave only a very inadequate amount. The company wanted an irreducible minimum of Rs. 6 lakhs and not Rs. 4 lakhs; but Government did not pay it at the right moment and for the right purpose. They gave Rs. 4 lakhs in order to clear off the previous debts, and from time to time small amounts for the payment of huge salaries to the unnecessary staff employed to look after the factory. After all, they have wasted the Rs. 6 lakhs now; and now there is a proposal not only to ruin the industry, but to throw away the capital put in by the shareholders and the public finances to the extent of Rs. 6 lakhs, by foreclosing the concern and selling it away for a pittance. It was expected that the materials would be worth about Rs. 15 lakhs. The mill was inspected by the Director of Industries and he gave out that the machinery was worth about Rs. 10 or 11 lakhs. Then, the buildings erected for the mill were estimated at about Rs. 5 lakhs and the machinery was also stated to be suitable for the industry. All these things are now going for a song in the market; why? On account of the attitude of the Government, and their interference with the concern; and by their not helping it at the proper time, they have created an impression in the country that this paper mill will not be successful here. How can you expect the country to go in for such a paper mill which has been so much maligned and spoiled by the Government? Had they given the Rs. 2 lakhs also at the time when they gave the Rs. 4 lakhs in the first instance, certainly the factory would have been working now. Even now, it would be a suicidal policy, it would be a waste of public finances, if they think of closing it.

8 p.m.

"The very buildings and machinery are worth more than twenty lakhs. The buildings are situated in one of the most suitable places for a paper factory. And what is the nature of the paper industry in this country? There is no large paper industry except one or two small ones and even the Tariff Board which enquired into all the industries that required protection and State aid said that the paper industry was one of those which stood in need of protection. The Tariff Board inspected this factory and said that some aid should be given to it. But the Madras Government allowed the concern to go to ruin just for want of two lakhs to make concern work but paid the amount subsequently to pay the staff to look after the concern. These few lakhs could easily be found from the public finances when we see that far bigger amounts are found for other purposes.

"Now, with regard to the capacity of the Government to work such industrial concerns, the Madras Government think that they are adepts in all such matters. They had a pencil factory, they had a jam factory and they had other factories; they bought a trawler and other things and employed experts in catching fish. They wanted experts from European countries even to bring the machinery to India. After so much money has been spent, it was found that the

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machinery was not suitable for work in India. On the other hand, here is a factory in which the people of the land have invested sixteen lakhs; here is an industry which if started and encouraged would be one of the most promising ones. And in order to start work the people approached our Government to give a loan of six lakhs out of the public funds; the Government grudge to give it in the proper time and in the proper way. Now, some day or other they will come to the Council to write off those Rs. 2½ lakhs which they have given after selling away the factory for a small sum. The Government sent their experts to inspect the factory and they said that the machinery and buildings were all right, and yet the Government, as you know, is grudging to help such an important big industry by investing two or three lakhs of theirs in it. Some of us who are working in the Finance Committee often see that proposals for the creation of new posts and new schemes are brought forward and rushed through. The result of all those schemes cannot be said to be quite good, for they are committing the whole Presidency year after year to a recurring expenditure, and the hon. Members of the Treasury Bench will in those cases see their way to somehow or other help such schemes. But with regard to an industry which is quite necessary for the country and in which the people have already sacrificed sixteen lakhs, it is very deplorable that the Government should not come forward with the necessary help not only to bring up the industry but also to safeguard the money invested by the people and by themselves. Now, they sent their experts to the factory to inspect and they had all the machinery and buildings inspected. What do the experts say? They say that the machinery is in working order. Then, why do they grudge to invest a few more lakhs? It would be deplorable if the Government do not come forward with their help as otherwise they would be depriving the country of one of the primary industries in which money was sunk by 5,000 subscribers to the extent of 16 lakhs. Not only that. All the money given out of the public finances so far will be wasted if the Government do not take proper care to invest further the necessary amount and make the concern run."

* Mr. S. ARPUDASWAMI UDAYAR :—"Mr. President, I think some of my hon. Friends have weakened their case by throwing the whole blame on the Government. I have carefully listened to the speeches made on the floor of this House in this connexion, and it seems to me, Sir, that in this matter the Government are free from any blame. Some gentlemen wanted to start this paper mill; shareholders came in, money was collected, a company was formed which applied to the Government for help under the State Aid to Industries Act. And actually we are told that four lakhs were sanctioned by the Department of Industries. Afterwards, there was a slackening, perhaps of enthusiasm. But whose mistake was that? From my experience, I think that we ourselves, our own countrymen, are often to blame in these matters. Perhaps due to jealousy, or some divisions, or some intrigues or some other causes a scare was created, and money was not forthcoming. So, under the circumstances, the proper course would have been for the shareholders to apply to the Government sharp and request them to save the company. As for the Government, if they delayed, it was not altogether their mistake. Are not the Government the custodian of the taxpayers' money? They have advanced four lakhs already and they are asked to advance more. Certainly, prudence requires that they should go into the matter very carefully, consider

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it from a business point of view, not speculate but test and see whether by a careful rearrangement, the enterprise could not in the long run be made to pay, and become profitable to the shareholders and the Government to the extent of the latter recovering its share. Therefore I have made my position clear that Government are not to blame. Even now, at this stage, what we can do is to request Government to investigate the matter and try to float the business, so that after some time it may attract more shareholders and find its way to become a paying concern. The proposal made by the Government to sell it away to a firm is resented. Well, here I may suggest as an alternative course, that instead of the Government selling this to a private firm they may hand it over to the Department of Industries, continue it for some time, taking out of the profits earned what is necessary to pay the experts and others, and after it has become a paying concern they may then of course think of handing it over to an indigenous body. That would be a constructive proposition. And for this we should solicit the support and sympathy of Government. Now, here is an enterprise which certainly affects vitally the interests of a large number of Indians. As Tacitus says what affects some people cannot be a matter of indifference to others. It is as an Indian that I wish to advise my hon. Friends that they should not waste their time and energy in attacking the Government, but rather be wise and prudent, take up the blame on themselves and request the Government to extricate them out of this muddle. The only way in which the Government can help them is to ask their Director of Industries to see whether this cannot be worked successfully like so many other enterprises which are under the supervision of the department. Then, there is a likelihood, nay, there is a certainty of this company being made a paying concern. If by employing experts and finding money for them out of the profits of the company it can once more be floated, then by all means it is very desirable that this should be done. When Government thinks that certain improvements have been made, that other improvements are possible, that a very good object lesson has been taught and that people are willing to take up the burden, they can hand over the whole concern to them. So, with these suggestions, Mr. President, I wish to resume my seat."

* Mr. P. ANJANEYULU :—"Mr. President, Sir, coming as I do from a part of the country which is in the vicinity of this mill, I feel thankful to the hon. Member who has just spoken for the sympathy he has extended to us as an Indian, and for the kind suggestions he has thrown both for the Government and for the Opposition to consider. I hope the same expression of thankfulness will be forthcoming from my hon. Friends on the Treasury Bench. This is a concern as regards the prospects of which there is no doubt. Even the pulp, if it is manufactured from the bamboo and sold, will make it a paying concern. The only trouble was that the concern could not get all the working capital it wanted in time, and there were other troubles also as was well known to the Government and to all the persons concerned, the internal troubles, the domestic troubles which were more formidable than the external troubles. At this juncture—I do not know whether I am putting any blame on the Government—we expected much sympathy from the Government. The Government stepped in not to help but to lend money on such terms as you know, and they insisted on those terms at a time when the company

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directors could not pay them the money. Then it was that the suggestion was made on the floor of this House and doubts were created in the minds of those who were concerned in the working of the mill, that the Government might sell it to a foreign firm, whether English, German, Japanese, Chinese or any other, but not to an indigenous firm or an Indian. The language with which this suggestion was clothed was not acceptable to some members on the Treasury Bench, and down came not a shower of rain but pouring torrents of anger for which there was no occasion. Now, the after-events have fully justified that the apprehensions of some members, especially those of my hon. Friend from Godavari, were not without some foundation.

"Now, we are on the eve of this concern being left into the hands of a foreign firm. That is the situation, and what is the duty of the people, what is the duty of the members of this House, and what is the duty of the Government? Now, this is a test case for the Government and for my hon. Friend the Development Minister. Is the Government going to develop the possibilities of this industry in this Presidency? If so, how? Now, they are spending so many lakhs of rupees on soap factories, pencil factories, fruit-preserving factories and ink factories, some of them good, some indifferent, some failures, and they say these are all on trial. But this is more than a trial. The trial has already been made by indigenous effort. The trial has passed the stage of doubt. It has taken the place of a promising concern.

"It lacks finance and are the hon. the Finance Member and the hon. the Minister going to finance it and work it as a Government concern? I can assure the hon. Member if he has still any doubts in the matter, that even if the mill is not able to manufacture paper, by the manufacture of pulp alone and exporting it to other countries, it will be a paying concern. As far as the raw materials are concerned, the forests near Godavari will supply them and they can be floated down the river. There is every possible facility for this concern and if the Government are in earnest it can be made into one of the most flourishing concerns in the whole of India. The paper produced will compare favourably with the best paper in the foreign countries. What is due to the Government is only 4½ lakhs of rupees—I think that is what is due to the Government—or 7 lakhs of rupees. That is nothing for a concern of this description where shares worth Rs. 15 lakhs are already sunk. Government may try this concern for a year. This is a test case to see whether the Government is going to extend its hand of co-operation. With this appeal I heartily support the proposition of Mr. Swami."

* Mr. J. A. SALDANHA :—"Mr. President, Sir, I should not have intervened in this debate but for the remarks made by the hon. Member Mr. Arpudaswami Udayar. To him, it does not matter what Government is in power, whether it is Justice or Swaraj; it will always be a Ma-bap Government, a fatherly Government, an infallible Government. He is so complacent that he always sits on that side of the House and never on this side. To him Government can never be at fault. With that attitude of mind he finds a comfortable place on the other side. Now I want to make a concrete suggestion. Let the Government take this concern on hand and work it in a businesslike manner. Let them not work it in a reckless and unbusinesslike manner in which they have been managing their industrial concerns like the Russellkonda Mill, their ports and projects, not to speak of the Mettur project.

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(Laughter.) Let them take this on hand and carry on the work with the co-operation of the people. This loan was given under the State Aid to Industries Act. I have more than once remarked that this Act instead of aiding industries is obstructing their growth. Section 9 of the Act has been found to be defective and there are many other defects in the Act. Though the Government in the Transferred half may be anxious to amend it they will never mend it. Because the Ministers find themselves quite incapable of doing anything. They are in the hands of the Reserved half and they can't do anything to develop the industries of India. The recommendations of the Industrial Commission are thrown to the winds and I do not know how far the recommendations of the Agricultural Commission will be carried out.

"I wish to suggest one thing. The Board of Industries on whose recommendations the loans are sanctioned have never been in touch with these industries. They ought to be made responsible for the proper conduct of these industries; they ought to see that the best methods are adopted and that they are managed on business lines. The money that they recommend to be granted to the industry must be utilized properly and a sub-committee of the board might be made to investigate the causes if an industry does not succeed. As a member of the Board, it is my duty as much as the duty of every other member and of the Government to enquire into the causes of the failure and suggest remedies. A committee of the board or a committee of the Council itself should be appointed. It need not be a big committee; three business men may go into the matter and report to us as to what should be done."

* Mr. K. KOTI REDDI :—"Mr. President, Sir, if I rise on this occasion it is not so much to allocate the blame among the Government, the shareholders and the directorate or to criticise either but simply to bring to the notice of the Government the feeling in this country. They feel that this is the only such concern in the whole of India and as such it ought not to be given up at this stage either in the hands of European firms or even in the hands of inexperienced Indian firms. It is for this purpose that this motion has been brought forward. If this concern is not properly worked, the result will be very discouraging and give a set-back to the industrial progress of the country. This concern has been looked forward to not only by the shareholders, not only by the people of Northern Circars who have mainly contributed to the capital of the concern, but also by the people of the whole Presidency that it should be worked up by the Government to begin with, as an experimental measure, so that it might be taken up by private agencies. Conditions for a successful working of this concern exist and it is up to the Government to take it up and work it or at least extend its sympathy by the grant of a further loan. As the hon. Member Mr. Arpudawani Udayar put it, Government should no doubt take care of the finances of the country, but is not this House the representative of the people and the guardian of the interests of the tax-payers? This House is prepared to risk this amount. This is not a mere speculative concern. Rightly or wrongly Government have taken upon themselves the task of making experiments in the direction of the industrial regeneration of the country and this is a good opportunity for them if they are really sincere and sympathetic. The concern is ready to be worked and only working capital is required; unless the Government

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takes it up no more capital will be forthcoming either for this concern or for any other concern for some time to come. Very disastrous results would visit the industrial progress of the country. It is in that view, as a representative of the tax-payers, I ask my brother elected representatives in the House to be prepared to risk not four or five lakhs but even ten or fifteen lakhs if necessary on this concern, believing that a successful working of this concern will confer very great advantage on the country."

* Mr. L. K. TULASIRAM :—" Mr. President, Sir, as we all know, the paper industry is one of the key industries of this Presidency. It has been stated by several speakers that this Carnatic Paper Mill is the only mill in our Presidency. We have certificates given by paper experts that this concern will be a profitable one. It is situated on the banks of a big river ; there are raw materials in abundance ; there are facilities for transport ; the building is excellent and labour cheap in the surrounding parts. With all these, and at a time when the Government is showing its poverty in paper by using economy envelope (one cover is used several times with the label removed every time) if the Government is not able to run the industry, it only shows that the Development Department is working not as a Development Department but as a destruction department. The Government were putting their hand in the jam factory, in the ink factory, in the Chenat Nair scheme, in the Kerala Soap Institute, in the Russellkonda Saw Mill, and so on and when we read the audit report we only see minus balance of 4 lakhs and 5 lakhs, which all have to be written off. It only shows that the Government is not run on business lines. When it is a question of business it is not profit but loss, but when it is a question of tax-gathering they send all their forces to gather the tax. Now, the people have invested 15 lakhs in a concern believing it to be very profitable, and the Government as money-lenders after taking several mortgages have lent 4 lakhs of rupees. Now, I ask, Sir, what should be the attitude of a benign Government ? Are they to assume the attitude of Shylock and say ' I want the 4 lakhs I have lent or I will foreclose the mortgage and sell it to a Persian or Mede ' or are they to care for the 15 lakhs subscribed by the people and come to their rescue ? Let us take an instance that happened during the war. Germany had a blockade ; alizarine and aniline dyes were not coming. Just then a British Dyestuff Corporation was started with several millions capital contributed by Government. Similarly, is this not the time for the Government to come to the rescue of these people ? Going back to 1898, when there was the first Industrial Conference at Ootacamund under the presidency of Sir Arthur Lawley, resolutions were passed that Government should have demonstration undertakings. One of the gentlemen in the Chamber of Commerce objected, and Sir John Morley had to say that Government ought not to put its hand in any commercial undertaking. I do not want them to interfere in any commercial undertaking. In this concern people have invested 15 lakhs and Government has given only 4 lakhs in dribblets on seven mortgage deeds. If only they invest 2 lakhs more as working capital splendid results could be achieved. They could show that pulp is manufactured from bamboo, they could show they could manufacture beautiful papers ; and capital will not fight shy then. They can have their 4 lakhs. Though they have tried a number of industries they have done nothing but showing only lip sympathy. This is the acid test of their sincerity. Is the Government run for the purpose of tax-gathering ?

3-30
p.m.

[Mr. L. K. Tulasiram]

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Are they really interested in industries? Let them give a donation of 2 more lakhs and thus support the industry which is in a very critical situation. It can be called the key industry of this country. We have not got paper, and paper to the tune of Rs. 4 lakhs and more is imported from Czechoslovakia and other places. Even the Punganur Mills was tried and it is in a very flourishing condition now. So now is the time for the Government to come to the rescue, because the Tariff Board has strongly recommended that this is an industry which ought to be supported. They should show to the people that they are sincere in their professions and are keenly interested in the industrial development of the country."

* Mr. K. UPPI SAHIB :—"Sir, with regard to this matter, one has to doubt whether the help given by Government for the development of industries is done with a good motive. If we take the industries that the Government themselves undertook, we find that the industrial institutions over which Government have spent lakhs and lakhs are being closed down one after another. We find that the Coonoor Fruit-preserving Institute was closed, the cannery at Tanur was closed, the Chenai Nair forest exploitation is going to be a failure, the Russellkonda Saw Mill is an utter failure. When we know the history of some of the institutions established by Government to teach and develop industries we have to infer that the motive with which they began is questionable; it is only to make a show that the Government wishes to develop industries. Really they seem to discourage industries. Take, for instance, the Kerala Soap Institute. First its name was Calicut Government Soap Factory. When the name was soap factory they used to get large orders. Then the European Chamber of Commerce came and protested that the production in the Government soap factory was very large and they could not compete with the soap produced in that factory. They secretly and stealthily influenced some of the authorities in the department either to close down the factory or to hand it over to them. Secret negotiations were going on. The factory was started with the object of training students. Though the Institute had existed for about ten years not a single Indian was trained. About Rs. 16,000 was spent for laboratory to train boys in soap-making. Not a single boy was trained till 1926 or 1927. The proposal was to close down the soap factory. The Institute is for producing 1,500 tons of soap per year."

* The hon. the PRESIDENT :—"The hon. Member is devoting much time to describe the Kerala Soap Institute; he would do well to come to the negotiations regarding Carnatic Paper Mills."

* Mr. K. UPPI SAHIB :—"I am only criticising the policy of Government with regard to industries; and I am giving a particular instance which I know well."

* The hon. the PRESIDENT :—"The hon. Member cannot be allowed to dwell too much on the Kerala Soap Institute."

* Mr. K. UPPI SAHIB :—"I have to say that the proposed policy of the Government with regard to industries is only a farce. Though the Ministers may profess much sympathy for the development of industries, though it is under a Transferred department, Government do not wish to see our industries develop and compete with foreigners in industrial productions."

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* The hon. Mr. M. R. SETURATNAM AYYAR :—"The first concrete proposal that is now put forward is that Government should finance and encourage the concern. This was considered last year and was abandoned as impracticable. (A voice: 'Why?') I am not going to say anything more now. The hon. the Finance Member may have something to say on the financial and other aspects of the case."

* The hon. Mr. T. E. MOIR :—"Before I speak, may I ask whether I may be allowed to be the last speaker?"

* The hon. the PRESIDENT :—"If the hon. Member is not now willing to speak he can resume his seat. I cannot give a guarantee that he will be the last speaker. He may choose his own time. The hon. the Mover of the motion has got the right of reply, and the hon. the Minister has got a right of reply."

* The hon. Mr. T. E. MOIR :—"The motion before the House raises the question of recent negotiations with the Government in the Carnatic Paper Mill at Rajahmundry."

* The hon. the PRESIDENT :—"May I know whether the negotiations belong to his portfolio or the portfolio of the Minister?"

* The hon. Mr. T. E. MOIR :—"I think I may say correctly that they belong to both portfolios. If such negotiations involve financial questions or spending in any way of Government money or recovery of Government money, that will be the concern of the Finance Member."

* The hon. the PRESIDENT :—"Has the Opposition any objection to treating this as a subject of the Finance Member and giving him the right of reply?"

Mr. SAMI VENKATACHALAM CHETTI :—"Negotiations must form the subject matter of the Development Department, because it is a matter concerning industries which is in the portfolio of the Development Minister. When negotiations fructify and when there is a possible loss, then it is perhaps for the Finance Member to speak. Nothing is known now whether the negotiations will result in profit or loss."

* The hon. the PRESIDENT :—"If I have heard the Minister for Development properly, he said that things are in the same condition as they were some six months ago."

Mr. SAMI VENKATACHALAM CHETTI :—"Even six months ago, matters were not so clarified as to make us believe that Government were going to lose."

* The hon. the PRESIDENT :—"It would be to the advantage of the House if the Finance Member now makes a speech and gives the final reply before the House gives a vote."

Mr. SAMI VENKATACHALAM CHETTI :—"I agree."

Mr. S. SATYAMURTI :—"I hope you won't make it a precedent for the future. In every department there is always some financial loss involved. But owing to the peculiar nature of the personnel of the Government I have no objection." (Hear, hear.)

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* The hon. the PRESIDENT :—" And the peculiarity of the subject as well."

3-45 P.M. * The hon. Diwan Bahadur M. KRISHNAN NAYAR :—" Mr. President, on a broad question of this kind, may I know whether it is not open to any Member of Government to speak provided that all members do not speak on a subject that may be raised on the floor of the House ? "

* The hon. the PRESIDENT :—" The Member in charge can certainly speak."

* The hon. Diwan Bahadur M. KRISHNAN NAYAR :—" Provided the hon. the Minister for Development does not speak, is it not open to any Member of Government to speak, on the assumption that he is in charge of the subject ? "

* The hon. the PRESIDENT :—" Clearly, in this case the question of finance is involved. Without making it a sort of precedent, I said that the Finance Member in this case will have the right of reply as well and the Opposition has agreed to it. This is not a ruling, but only a sort of arrangement."

* The hon. Diwan Bahadur M. KRISHNAN NAYAR :—" Suppose the Member in charge falls sick ? "

* The hon. the PRESIDENT :—" Another Member will be in charge."

* The hon. Mr. T. E. MOIR :—" As I said, the adjournment motion with which we are concerned is the question of the recent negotiations and the interest that the Government have taken in the Carnatic Paper Mills, Limited, Rajahmundry. The hon. Mover began by referring to his observations on the occasion of the last budget debate in which this question was discussed. He referred to the speech which he made on that occasion and stated that the charges which he made on that occasion still stood and then expressed his astonishment at the fact that such charges as he made should produce any heat or indignant comment from the Government benches. That observation was supported by Mr. Anjaneyulu. He also seemed to find something extraordinary in that. Perhaps, Sir, as an exordium to the discussion of this question, I may just remind the House of those charges. I am quoting the hon. Mover's own words : ' My charge in this matter is that Government from the very beginning wanted to destroy this industry altogether.' He proceeded to support that charge by pointing to a condition made in granting the loan. The complaint to-day is that we have not advanced them enough money. He then proceeded in that same speech to make further charges against myself personally. He said ' On account of that failure, this industry and several other industries have also failed, because the people have lost their faith in the industrial capacity of Indians. That is what Mr. Moir, the Finance Member, wanted to demonstrate to the country.' Then he goes on to ask ' What is the Government's aim ? ' repeating the same insinuation. ' They want to sell this concern to a European firm and they have got everything ready in regard to this. The Finance Member has got everything ready in his private chest. He has got the necessary opinions also ready. He has got the opinion of a rival concern, the Titaghur Paper Mills, that this mill would not work at all and that it must be sold. I correct myself and say that he has got everything ready in his secret chest and not his private chest.' Then, he goes on to say : ' The new Minister pleads ignorance and I sympathize with his position. I only request him not to play into the hands of the Finance

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Member who wants to sell it to a European firm and destroy Indian industry, but to care for the prestige of Indian industry. The Finance Member wants to destroy the industry and show to the world that Indians are not capable of starting any industry at all, and in that game I only request the new Minister not to join.

"Now, Sir, on this occasion I do not propose to show any resentment of these charges for the simple reason that when two hon. Members of the House can say that they cannot understand why any member of this House should resent charges of that kind, I can only suppose that they do not mean what they say or that they do not know the meaning of the words which they use. I can only suppose that if I made similar charges against them they would see nothing in them at all to resent. But whatever their conception of the meaning of the words in the charges alleged may be, it is from that basis that the hon. Member from Rajahmundry has moved his adjournment motion. I do not propose to say anything further at present with reference to Mr. Saldanha's speech. I can only say that he has for once gone further than the hon. Member from Rajahmundry in warning Government against that course of action which he deprecates. His speech was one of continuous attack upon Government for their entire incapacity to manage any business concern or industrial concern of any kind whatsoever. And I have no doubt that he will vote against any suggestion from these benches that in our incompetence we should do anything further to foster the industries of this country and this industry in particular.

"Being thus assured of Mr. Saldanha's vote I shall now state the real facts concerning this particular matter. This concern was started, I think I am right in saying, by private enterprise at a time when the State Aid to Industries Act was not in existence and when as far as I am aware there was no suggestion that there should be one. But when the Act came into force this concern came forward with an application for a loan, which, I may say, followed a previous application for a loan when there was no such Act in existence. It is impossible to go through all the long history of this concern, but, if I may say so, throughout its history it became increasingly manifest that there was something wrong. In the first place, it was becoming perfectly clear that the concern had lost the confidence of its shareholders. We were assured that if the Government went to the support of the concern it would create such enthusiasm that the shareholders and others would come forward with any additional measure of support required. Those expectations were defeated. There was no such response. Government had a genuine desire to assist the concern but at the same time it was becoming more and more clear to Government that something more than amateur enthusiasm was required to start and to work a paper factory. I am afraid I cannot subscribe to the somewhat optimistic views of the hon. Member Mr. Anjaneyulu, who described the manufacture of paper as a simple matter. On account of this one concern I have had to study a good deal of literature concerning paper and I came to the conclusion that it is an exceedingly technical operation and that as a business concern it is an exceedingly difficult thing to manage. (Mr. G. Harisarvottama Rao :—'Not for I.C.S. men.')

At the same time it was becoming clear that the confidence of people in this concern was evaporating. It apparently offered no attractions to hon. Members opposite."

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Mr. P. ANJANEYULU :—"A word of personal explanation, Sir."

* The hon. the PRESIDENT :—"The hon. Member will be given a chance."

* The hon. Mr. T. E. MOIR :—"Hon. Members opposite were greatly interested in the success of this concern. They, I have no doubt, used their influence to secure support for this concern. But whatever they did, their efforts were unavailing. And I say, from fresh indication after indication it was perfectly clear that there was something radically wrong with this concern started and commended as a promising venture, that the machinery was not suited for the purpose for which it was intended and that the estimates as to cost and the calculations as to the particular kind of paper for which this machinery was adapted were incorrect. The question of markets had not been properly examined."

4 p.m. "I am not attempting to blame any one in that connexion. These things will happen when amateurs attempt to launch upon enterprises without the necessary knowledge and experience behind them, but the question was whether the Government should take up this concern without going into all these questions and whether they were to go on spending the tax-payers' money on an enterprise the success of which they had great reasons to suspect. And what did the Government do? They did the only thing they could do. They had found out that they could not possibly justify going on with the experience which they had and that an exhaustive examination of the data was necessary. My hon. Friend, the Home Member, who was then the Member for Forests, will very well remember the special steps that we took to investigate the whole question of raw supplies. My hon. Friends the ex-Ministers who held the post of Development Minister from time to time will also remember how we tried to discover and searched throughout the whole of India for expert advice on manufacture and how we failed. We tried from Delhi to Calcutta and from Calcutta to Madras to find out whether there was any possible source of expert advice. It was not our fault that it took so long to take that advice and information, but it was owing to the fact that there were few sources of information available in the whole of India regarding the paper industry."

Mr. G. HARISARVOTTAMA RAO :—"A good commentary on your administration!"

* The hon. Mr. T. E. MOIR :—"We secured that advice and it was perfectly clear, from all the information and advice placed at our disposal, that we had no right to attempt to continue the enterprise on amateur lines. There were three courses open to the Government then. One was to attempt to manage a concern of that kind by Government agency. In what respect were this Government in a better position than those who initiated the industry? We never claimed that we knew more than they of the technical side of paper-making. I am willing to confess that. (Cries of 'oh, oh'.) What then were we to do? Wherefrom were we to get paper experts? Were we likely to do anything better with regard to this enterprise than those who initiated it? There was a second course which personally—had no other consideration but that arisen—I should have advocated and recommended to my hon. Colleagues and that was 'Do not throw any more good money after bad but your losses'. But there were considerations which were prominent to

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my hon. Colleagues and myself who hoped, if possible, to save this enterprise and see it started and worked. What we insisted on was that if it was possible to preserve this business we should do so and not concern ourselves over much about the loss of the money we had spent in fostering this industry in this Presidency. If it could not be saved, then we had no option but to drop the matter altogether and sell the buildings and machinery for what they would fetch. We discussed the matter and we came to the conclusion that what was essential was expert management and without that it was impossible for this industry to come into being. Some hon. Members have spoken of it as a going concern; it never was, but we decided that we should try to find some agency which would work it on the best terms and in such a way that the money of the tax-payer invested in it would as far as possible be recouped. We therefore sought for such expert control in the field of private enterprise. And ultimately we did come to certain terms and those terms I think you well know. They are that certain business interests should take over the Carnatic Paper Mill and that they should pay $4\frac{1}{2}$ lakhs to the Government for their interest in the concern and sink sufficient capital in the concern to make it a reliable concern and as far as is in human power a thriving industry."

Mr. C. V. VENKATARAMANA AYYANGAR :—" As owners or as lessees? "

* The hon. Mr. T. E. MOIR :—" They offered to take over our whole interest at that price. We have already had to repay a guaranteed loan to the Imperial Bank on behalf of the concern. When the transactions are concluded the net loss to the Government will be in the neighbourhood of Rs. 3 lakhs. Personally I think we shall do fairly well, if Government in the end have lost only three lakhs and there is the prospect of this industry being started and run successfully in Rajahmundry.

" That is roughly the history of this concern. I might have saved myself a great deal of trouble on this matter if I had merely said to my hon. Colleague ' Get out of this with as little loss as you can and I shall acquiesce.' I can claim that I have been quite genuine in my desire to save this enterprise, but I was not prepared to spend more and more lakhs of rupees without any hope of doing so. I was however prepared to face a considerable loss on condition that it should be handed over to private enterprise if it offered a prospect of making it a reliable concern and had the capacity and the means behind it. Hon. Members will say how do I know that if it is sold private enterprise it will be worked properly. I need only say this. No one is going to pay $4\frac{1}{2}$ lakhs for the privilege of selling it for what it will fetch. If it were sold, it is doubtful whether it would realize half a lakh. The building will be suitable for no other purpose, and the machinery would be of hardly any value, as mere scrap will hardly pay any one to remove it by rail for conversion at iron works or rolling mills into girders or anything of the kind.

" I have nothing more to say. We have done our best for months to ensure that this enterprise shall be carried on as a going industry and we have attempted to do so with the greatest prospect of success while at the same time reducing the inevitable loss to the tax-payer to a minimum."

* Mr. C. V. VENKATARAMANA AYYANGAR :—" The last speech must have caused great pain to any one who has been listening to what appeared to be an angry speech, evidently dramatically refuting the charges which were never

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met. During my practice as a lawyer, I remember what I did. Whenever I had no case I used to abuse every one including the Judge as far as I could, down to the peon of the Court, the other side vakil and the witnesses and the law-maker. To-day we had the curious spectacle of a responsible Finance Member representing the Madras Government getting up and saying 'You complain against me; I complain against everybody including his predecessor in office, every Member of the Committee appointed under the State Aid to Industries Act, the Expert that gave the opinion and the Director of Industries, and say that the whole money was thrown out.' I may claim I am a business man. I have sunk lakhs and lakhs of rupees in industries and I know as to what is good and bad in a concern and, if there is doubt about the success of a business, I know how to deal with it. We are going to sell a cotton industry in which I have invested lakhs and lakhs of rupees. What has the hon. the Finance Member to whom the hon. the Minister referred us for information told us? Has this mill been sold or not? No answer. If sold, to whom? No answer. Under what terms has this been sold? No answer. Is the question open or not? No answer. My friends asked a simple question, viz., was there any advertisement in the papers offering the business in the open market? No answer.

4-15
p.m.

"The hon. the Finance Member grew angry; he is always angry when he has no case. He said that nobody ever came or offered to come. I challenge the other side to say whether they advertised in any place that this particular concern would be for sale. We do not know who have come forward with the offer. He says they are liberal men as they have offered Rs. 4½ lakhs. The Government also in their generosity have agreed to forego Rs. 2½ lakhs. At the beginning of this concern, money came in most readily as in many cases. Both the machinery and the building were ready. The only thing that was required was working capital. Not only has the company spent a sum of Rs. 16 lakhs on building and machinery, the directors have borrowed a sum of Rs. 4 lakhs to finish the building and machinery. The Government now say 'There is no expert from the Bay of Bengal to the Arabian Sea, from Himalayas to Cape Comorin.' Without any expert, the hon. the Finance Member says, 'I have come to the conclusion that the mill is not worth a pie now. A sum of Rs. 20 lakhs of public money, of poor Indians, of widows has been spent upon this concern. The hon. the Finance Member said that even before this Act was passed this company asked for money. Government have advanced lakhs and lakhs of rupees to planters before this Act was passed. If an Indian Company makes an application for a sum of Rs. 4 lakhs for the sake of working capital, are they to be blamed? Whatever the intention of the hon. the present Finance Member may be, the intention of the Government could not have been very bona fide if judged by their action. I had the honour of then being a member of the committee that advised the loan. I challenge both the hon. Members on the other side to deny the fact that the members of that committee, including some Europeans and Mr. Thomas, the careful Director of Industries—he is our Collector now—went into the question and all of them approved of the use of bamboos. The Government now say that that bamboo is useless, while the members of the committee said that bamboo was suitable. We had on our tables the raw material necessary for making the paper, the bamboo pulp, and it was considered to be good. We wanted expert opinion. There was Mr. Rait. He said that the building and machinery

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would cost about 20 lakhs. It is on that responsibility that the Members of the Government, who were then occupying those very places opposite, recommended the loan. But the greatest mistake they did was they gave a dose of poison. They did not give the antidote. From the answers given to-day at question time it is clear that the Government will not be liberal in giving loans hereafter. In this particular case the recommendation of the committee was to pay a sum of Rs. 6 lakhs, 4 lakhs for paying off the debt and 2 lakhs for working capital. The Government gave a loan only to repay a previous loan. It was useless as it was going from one Jew to another Jew. The committee wanted that working capital should be given. The company, as well as the committee, were very anxious that a sum of another 2 lakhs should be paid. But the Government in their generosity gave only a loan of Rs. 4 lakhs. Without realizing the difficulty of having no working capital, the Government said that the sum of Rs. 4 lakhs should be paid towards the loan of the company. I started a textile mill in which the very same difficulty was felt. We were able to put lakhs of rupees and erect the necessary buildings and machinery, but we had no working capital. When that was arranged for, the mill began to work satisfactorily. In this particular case more money was not forthcoming as share capital at the time when the mill applied to the Government for a loan. I am sure some European or Indian bankers would have been willing to give a loan. The mill came to the Government because they are supposed to be more liberal; they promised to give expert opinion; they promised to give bamboo at certain concession rates. Therefore the company agreed to take the loan from the Government. The last and strongest dose was given when the Government insisted upon those 4 lakhs of rupees being paid towards the loan and when the Government did not pay anything for the working capital. How can any mill or any factory work under those circumstances? When the Government had once the mortgage deed, the company could not but go to them for additional loans. Therefore the company are in this predicament. They are in the last act of the poison acting on life itself. Whatever might have been meant by the then Finance Member—I do not blame the hon. Mr. Moir, I do not blame anybody now—the action of the present Government is actually stifling this industry. There is no question about that.

“The hon. Member went on saying about the probable results and other things. We are all interested in the probable results of the present action of the Government. I may say that we wanted to start a paper factory in the Nilgiris. The matter of transport gave us some trouble. At that particular time this mill was started and we therefore gave up that idea. The reason why we are asking the Government to take a proper action is because Indians are entitled to expect millions of rupees from the paper industry. Can anybody expect in the circumstances in which the Government deal with this factory that paper factories are likely to grow up hereafter in this particular Presidency? Take the case of the glass factory on the Beach. I lost thousands of rupees by it. Because the Government subsidised it, I took up shares in it largely. It came to nothing. No man, not even I who is prepared to invest large sums of money on factories, would invest money hereafter on glass factories.

“We are interested in this paper industry. Let not the Government proclaim to the world that no paper industry in the Madras Presidency can

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prosper. I put the question again. I hope the hon. the Finance Member will have a right of reply. Under what circumstances can this company dream of any good by the Government losing Rs. 2½ lakhs? Here is a specific question. I am one of those who think that matters should not be delayed even one day. I know that the machinery will become rusty. I do not therefore want that even one day should be lost. If the negotiations are completed, there will be no necessity for making any speeches at all. If there is a chance of life or ray of hope any way, let the sale be advertised, let it be advertised in this country and in other countries and let us see if anything would come out of it. The hon. the Finance Member waxed eloquent upon his good nature and upon the great good he has done to the country. He said that he had saved this mill from death. I doubt it very much. Some person or other, I am sure, will work the company in any case. They cannot transport the machinery to Birmingham to be used in some other way. As a concern it must go on. Is it not a standing asset of this company that the Tariff Board recommended a sum of Rs. 10 lakhs as subsidy? The whole thing is a mystery now. Do this Government think that the Tariff Board consists of fools? Does the Tariff Board consist of people who know nothing? Are the Tariff Board members amateurs, incompetents and fools? The hon. the Finance Member is very liberal in blaming everybody else. I am asking in earnest. Did this Government take any interest whatever in that line? Did they go to the Government of India and ask them to give this Government Rs. 10 lakhs? This amount could have been very easily realized from them. No attempts were made in that direction. If they made a request and it was not complied with, did they ask the official representatives from this Presidency in the Legislative Assembly as well as in the Council of State to put interpellations and interfere on behalf of this Government? Absolutely nothing has been done. The only conclusion that any reasonable man can draw is that this Government, apart from personalities, has taken a wrong view. They have been saying that only Europeans are capable of doing good. I take it that in all important matters concerning our Government the Indian Ministers and even my hon. Friend the Law Member are generally subject to the control of the European Members. That is what we see. It is stated that in the matter of trade and commerce also only Europeans are capable of managing things. I am putting this question in the interests of the shareholders. They asked for a loan of Rs. 6 lakhs but only four lakhs were given. The mill is to be sold now for Rs. 4½ lakhs. To-morrow the hon. the Advocate-General with his legal knowledge will naturally say that not even one pie can be paid out of it to the shareholders. Even the first charge is not met and the whole thing is gone. The shareholders will have no chance. I ask the Government to give the shareholders a chance. I ask the Government in all earnestness whether they would not publish and announce that this property is for sale. Tenders may be called for. I am sure that a number of Indian bankers and some of my European friends will be quite willing to pay Rs. 7 lakhs and more when the cost of the building and machinery in the mill is nearly Rs. 20 lakhs and what is more the Tariff Board have recommended that a subsidy of Rs. 10 lakhs might be paid to this concern. It is most unfortunate that this Government should say that our proposal is not to their satisfaction. I tell them to give us an opportunity and not to consider us unreasonable. By so doing the shareholders may get something. I am not very hopeless. The Government have been running the

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Kerala Soap Factory; I got some samples of the soaps and perhaps it is one way of advertising. All that I say is that while Government have been spending a lot of money on various new industries they must be prepared to show some sympathy to this one indigenous industry in this province, and therefore, if they are really in earnest in what they say, they must show it by their action."

4-30
P.m.

Mr. ABDUL HAMID KHAN :—"I move that the question be now put."

Mr. G. HARISARVOTTAMA RAO :—"I second it, Sir."

* The hon. the PRESIDENT :—"The question is that the question be now put."

The closure motion was put to the House and carried.

* The hon. the PRESIDENT :—"The question is that the House do adjourn."

The motion was put to the House and declared lost. A poll was demanded, which was taken with the following result :—

Ayes—40.

- | | |
|-------------------------------------|-------------------------------------|
| 1. Mr. V. Ramjee Rao. | 22. Mr. Basheer Ahmad Sayeed Sahib. |
| 2. Rao Sahib R. Srinivasan. | 23. " P. Baktayatsulu Nayudu. |
| 3. Mr. Sami Venkatachalam Chetti. | 24. " A. Kaleswara Rao. |
| 4. " S. Satyamurti. | 25. " R. Srinivasa Ayyangar. |
| 5. " C. V. Venkataramana Ayyangar. | 26. " K. Koti Reddi. |
| 6. " T. Adinarayana Chetti. | 27. " V. Kameswara Rao Nayudu. |
| 7. " P. Anjaneyulu. | 28. " L. K. Tulasiram. |
| 8. " P. C. Venkatapati Raju. | 29. " K. V. Krishnaswami Nayakar. |
| 9. " Abdul Hamid Khan. | 30. " K. Madhavan Nayar. |
| 10. " C. S. Govindaraja Mudaliyar. | 31. " C. Venkatarangam Nayudu. |
| 11. " J. A. Saldanha. | 32. " K. S. Sivasubrahmanya Ayyar. |
| 12. " G. Harisarvottama Rao. | 33. Diwan Bahadur R. N. Arogyaswami |
| 13. Mr. C. N. Muthuranga Mudaliyar. | Mudaliyar. |
| 14. " K. V. R. Swami. | 34. Mr. Ramanath Goenka. |
| 15. " D. Narayana Raju. | 35. " C. R. Parthasarathi Ayyangar. |
| 16. Dr. B. S. Mallayya. | 36. " P. Siva Rao. |
| 17. Mr. K. Uppi Sahib. | 37. " K. R. Venkatarama Ayyar. |
| 18. " K. R. Karant. | 38. Rao Bahadur K. Sitarama Reddi. |
| 19. " C. Obi Reddi. | 39. " B. Muniswami Nayudu. |
| 20. " A. Parasurama Rao. | 40. Mr. R. Nagan Gowda. |
| 21. " C. Ramasomayajulu. | |

Noes—30.

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| 1. The hon. Sir Norman Marjoribanks. | 15. Mr. V. Ch. John. |
| 2. " Khan Bahadur Sir Muhammad Usman Sahib Bahadur. | 16. " M. A. Manikkavelu Nayakar. |
| 3. " Mr. T. E. Moir. | 17. " Syed Tajudin Sahib. |
| 4. " Diwan Bahadur M. Krishnan Nayar. | 18. " R. Foulkes. |
| 5. " Mr. M. R. Seturatnam Ayyar. | 19. " Mahmud Schamnad Sahib. |
| 6. " Mr. S. Muthiah Mudaliyar. | 20. " Muppil Nayar of Kavalappara. |
| 7. " Dr. P. Subbarayan. | 21. Subadar-Major Nanjappa Bahadur. |
| 8. Rao Bahadur C. V. Anantakrishna Ayyar. | 22. Mr. K. Krishnan. |
| 9. Mr. C. B. Cotterell. | 23. " N. Siva Raj. |
| 10. " H. A. Watson. | 24. Rao Sahib L. C. Guruswami. |
| 11. " C. A. Souter. | 25. Mr. V. I. Muniswami Pillai. |
| 12. " S. H. Slater. | 26. " Daniel Thomas. |
| 13. " A. McG. C. Tampoe | 27. " Syed Ibrahim Sahib. |
| 14. " C. W. E. Cotton. | 28. Khan Bahadur P. Khalif-ul-lah Sahib Bahadur. |
| | 29. Mr. S. N. Dorai Raja. |
| | 30. Mr. W. O. Wright. |

[5th September 1928]

Neutral—18.

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| 1. Dr. S. Muthulakshmi Reddi. | 11. The Raja of Panagal. |
| 2. Mr. J. Bheemayya. | 12. Rao Bahadur Sir A. P. Patro. |
| 3. „ J. Kuppuswami Choudhry. | 13. Khan Bahadur Abdul Razaack Sahib Bahadur. |
| 4. „ S. Venkayya. | 14. Mr. Khadir Muhidin Sahib. |
| 5. „ V. Hampayya. | 15. „ T. M. Moidoo Sahib. |
| 6. „ K. Ramachandra Padayachi. | 16. Diwan Bahadur A. M. M. Murugappa Chettiyyar. |
| 7. Swami A. S. Sahajanandam. | 17. The Zamindar of Mirzapuram. |
| 8. Mr. A. Ranganatha Mudaliyar. | 18. The Kumara Raja of Venkatagiri. |
| 9. The Zamindar of Gollepalli. | |
| 10. Mr. K. P. Raman Menon. | |

Ayes 40. Noes 30. Neutral 18.

The motion was carried.

[When the hon. the Ministers rose in their seats against the motion, Dr. B. S. Mallayya cried ‘Shame.’]

The hon. the PRESIDENT :—“The hon. Member is not in order.”]

MOTIONS ON MATTERS OF GENERAL PUBLIC INTEREST.

* The hon. the PRESIDENT :—“Does the House wish to continue the discussion on resolutions?”

Mr. SAMI VENKATACHALAM CHETTI :—“We are completely in your hands, Mr. President.”

* The hon. the PRESIDENT :—“The House will now resume discussion on Mr. Karant’s resolution No. 1.”

COMMITTEE TO ENQUIRE INTO THE GRIEVANCES OF THE RYOTS IN FOREST AREAS—*cont.*

* Mr. R. SRINIVASA AYYANGAR :—“Mr. President, Sir, I have great pleasure in giving my support to the resolution that has been moved with a wealth of information and detail by the hon. Mr. Karant. That of late the Forest department has come in for a large share of adverse criticism, well merited really, admits of no doubt. The grievances of the ryots are really manifold, and all that this resolution wants is the appointment of a committee to investigate into and to report upon the grievances and hardships felt by the ryots, so that ways and means may be devised for the purpose of reducing to a minimum the disadvantages under which they now suffer. It is not necessary for me to go over the ground covered by the hon. Mover. But this much I may be permitted to say for the information of the House, viz., that in my district at any rate there are a number of small forests extending right up to the back side of the habitable portion of the villages, with the result that the cattle tied to one’s backyard, the moment they happen to stray into the adjoining forest fields, are seized, impounded and fees are levied. It may be within the recollection of hon. Members of this House that about five years ago the hon. Member from Chittoor brought forward a resolution that the forest area should be outside the one mile radius of the village itself. He brought forward weighty and convincing arguments which will bear any